

This serves as an official notice of changes to your Basic Health coverage, and is an addendum to your *Member Handbook*.

Program changes and open enrollment

Due to the severe budget crisis facing Washington, Basic Health must make major changes* to the program to keep as many members covered as possible and continue to provide you with a high-quality program. Starting in January 2004, you will share more of the costs for your health care coverage. At the end of September, we will send you a booklet that outlines your new Basic Health benefits and services. This booklet will help you understand the changes as you make your health care coverage decisions during open enrollment.

Also in 2004, monthly premiums will increase for every income band. Look for more information on premium increases and other changes in your open enrollment booklet that will be sent to you mid-October. Open enrollment runs Oct. 20 through Nov. 14 and is your chance to change your family's health plan, or add family members to your account. During that time, our benefits specialists will be available to help you 8 a.m. to 5 p.m. Monday-Friday, at 1-800-660-9840. More information will also be available on our Web site at www.basicealth.hca.wa.gov.

*2004 benefit changes affect Basic Health members, not Basic Health *Plus* or Maternity Benefits Program members.

What's changing in 2004?

Beginning January 1, 2004, each member enrolled in Basic Health will be responsible for a greater share of the cost for his or her health care coverage. Cost sharing comes in the form of copays, coinsurance, and deductibles. In addition, each member will have an out-of-pocket maximum (as explained in this section). In 2004, you will be responsible for paying:

Copay – A set dollar amount you pay when receiving specific services. In most cases, this will be \$15, except for prescription drugs and emergency room visits. Copays do not apply to your deductible, coinsurance, or out-of-pocket maximum.

Deductible – The amount you pay before your health plan starts to pay for covered services. In 2004, you will be responsible for paying the first \$150 of certain covered medical costs before your health plan pays the 80% coinsurance. The \$150 annual deductible must be met for each family member enrolled in Basic Health. Your deductible does not apply towards your out-of-pocket maximum.

Coinsurance – The percentage you pay when your health plan pays less than 100% for covered services. Examples of where coinsurance will apply include professional services, MRIs, and CT scans. Coinsurance does not apply until you have paid your \$150 annual deductible. In 2004, your health plan will pay 80% of the cost for certain services, and you will be responsible for paying the remaining 20%.

Out-of-pocket maximum – Your coinsurance costs apply toward your out-of-pocket maximum of \$1,500 per person, per calendar year. When you reach your out-of-pocket maximum, you are not responsible for any further coinsurance costs for covered services received during that year. Your health plan will pay 100% of the charges for all covered benefits and services that have a coinsurance. The \$1,500 out-of-pocket maximum applies to each family member enrolled in Basic Health.

Remember, you will be sent a booklet that will include more detailed information on these changes and how they work. You should receive this booklet in your mail the end of September.



Changes to how your income is calculated

Beginning October 1, 2003, Basic Health will make changes in the way your income is calculated. The following is a summary of the changes:

- ◆ We will continue to use a 12-month history of receipts and expenses when we calculate self-employment income. However, we will not use deductions you have claimed for noncash-flow items such as depreciation, amortization, or home office costs.
- ◆ We will use a 12-month average of your gambling income, lump-sum payments, and net income from capital gains.
- ◆ Some items that were excluded will be counted as income. These include insurance payments (other than reimbursement for a loss), inheritance payments, net capital gains, and stipends from assistantships.
- ◆ Some items have been added to the list of exclusions. We will not count "goods or services received through payments a trust makes to a third party" or State Supplementary payments specifically dedicated to reimburse for services received.
- ◆ We have clarified that earned income of a dependent child does not include distributions from a corporation, partnership, or business.
- ◆ You may be able to deduct childcare expenses if you and your spouse (if any) are working or attending school full time. Previously, this deduction was only if both were working full time.
- ◆ We have changed the rule for members who are temporarily living out of state. Members who leave the state with no intent to return or who are out of state for more than three consecutive months will not be considered Washington residents and will not be eligible to continue their BH coverage. An exception to this would allow dependent children who are attending school out of state for the entire school year to continue their BH coverage as long as their residence is still in Washington.

Important dates to remember



Sept. 30
Guide to 2004
changes mailed



Oct. 17
Open enrollment
booklet mailed



Oct. 20 - Nov. 14
Open enrollment,
when members
can make plan
changes and add
family members



January 1
New benefits
and premiums
take effect

Si desea ayuda en español, llame al 1-800-321-0291. Для обслуживания на русском языке, позвоните, пожалуйста, по телефону 1-800-387-8224.
한국어로 도움을 원하시면 1-800-324-1658로 연락하십시오. Nếu quý vị muốn được giúp bằng tiếng Việt, xin gọi số 1-800-423-2231.

To obtain this document in another format, call our Americans with Disabilities Act (ADA) Coordinator at 360-923-2805.
TTY users (deaf, hard of hearing, or speech impaired), call 360-923-2701 or toll-free 1-888-923-5622.